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India

LOCK-UP REPORT

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Report Highlights:
Area planted to major kharif season oilseeds (peanut, soybean and sunflower) this year up to August 13, 2009, is lagging behind last year's level, which is likely to result in lower oilseed production for MY 2009/10, particularly in the case of peanuts. Edible oil imports are forecast down by 100,000 tons to 6 million tons in MY 2009/10, while the MY 2008/09 estimate has been revised up to 8 million tons. Total oilmeal exports for MY 2008/09 are estimated at 3.9 million tons.

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Progressive planting down

According to the Indian Ministry of Agriculture's progressive planting report [1] for the week ending August 13, 2009, area planted to kharif (fall and early winter harvested) oilseeds, which include mostly peanuts, soybean and sunflower, was down 7 percent at 13.4 million hectares. Peanuts accounted for most of this decline.

Area planted to **soybeans** through August 13 was 9.4 million hectares, compared to 9.3 million hectares planted during the same period in 2008. Good July rains, following below normal rains in June, supported by higher prices for the 2008/09 crop, encouraged increased planting in all major growing states such as Madhya Pradesh and Maharashtra. Based on progressive plantings reports, soybean planting is revised down by 300,000 hectares to 9.5 million hectares for MY 2009/10. For 2008/09, the soybean production is revised down to 9.1 million tons from an earlier estimate of 9.6 million tons.

Peanut planting was down by 23 percent at 3.7 million hectares compared with last year. Heavy rains in the major peanut growing region of Saurashtra in Gujarat and poor rainfall in Andhra Pradesh and Karnataka adversely affected planting. Peanut acreage is forecast down to 5.4 million hectares in MY 2009/10.

Sunflower was planted in 386,000 hectares compared to 355,000 hectares last year. With, favorable rainfall distribution in major growing areas, sunflower acreage is revised upward by 100,000 hectares to 1.75 million hectares in MY 2009/10.

Trade

According to trade sources, peanut exports in MY 2009/10 are likely to fall due to lower production and concerns over aflatoxin in Indian export quality peanuts in major importing countries. Exports for MY 2009/10 are revised down to 270,000 tons from the earlier forecast of 350,000 tons.

In response to the European Commission's Rapid Alert System for Food and Feed (RASFF) notification on aflatoxin in Indian peanuts, the Indian Oilseeds and Produce Export Promotion Council (IOPEPC) has been encouraging major peanut exporters in Gujarat to upgrade the quality of peanuts meant for exports. The Government of India has authorized the IOPEPC to issue quality certificates for export-oriented peanut shelling units and warehouses

Edible Oil Imports Up by 66 percent

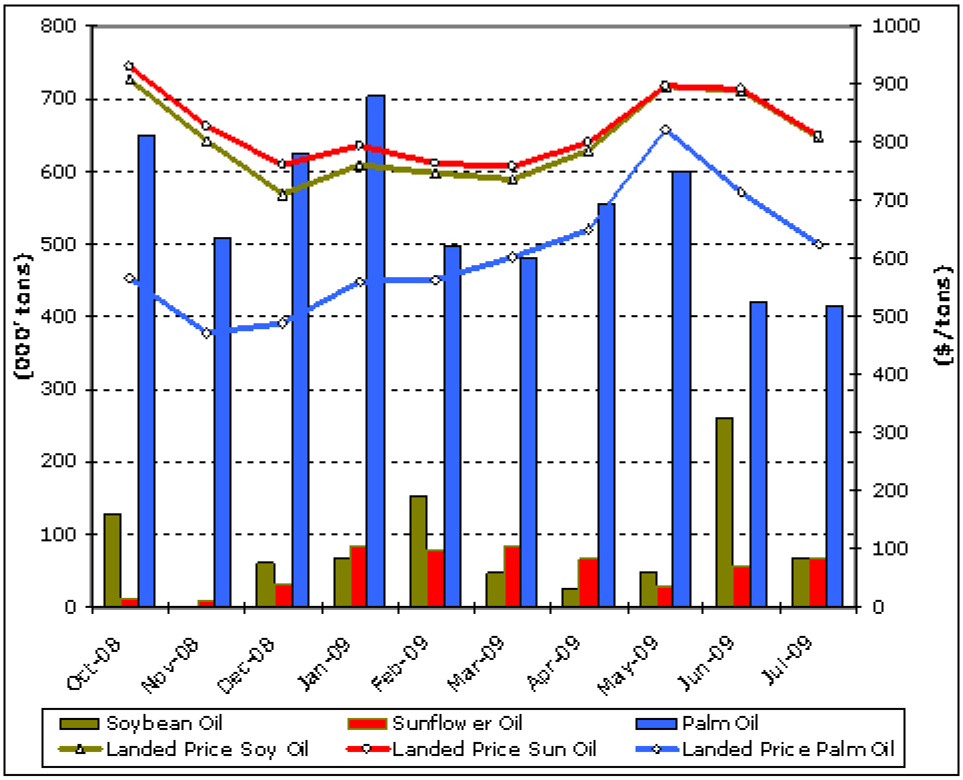
Despite a likely decline oilseed production in MY 2009/10, edible oil imports are forecast down by 100,000 tons to 6 million tons in MY 2009/10, due to larger than normal carry over stocks. Anticipating a decline in kharif oilseed production and relatively lower prices for edible oils in the international market, private traders have been taking advantage of a zero import duty to import huge quantities of vegetable oils in recent months. Total edible oil imports during the October 2008 to July 2009 period were up by 2.7 million tons to 6.9 million tons (Table 1). As a result, edible oil imports are revised up by 1 million tons to 8 million tons in MY 2008/09; this includes 6.5 million tons of palm oil, 900,000 tons of soybean oil, and 600,000 tons of sunflower oil.

Since December 2008, landed prices for all imported edible oils have moved up in tandem with international prices. However, with palm oil selling at a discount of around $200 per ton over soy and sunflower oils, it continues to dominate Indian imports (Chart 1). Narrowing price differences between sunflower and soybean oil (Chart 1) have also made sunflower oil imports more attractive, resulting in larger imports. Due to growing supply concerns for soy oil from South America, India has had significant commercial imports of soy oil from the United States (136,000 tons). U.S. soy oil was last imported in 2002.

Policy

In order to boost the domestic supply of edible oils for the upcoming festive season, anticipating a decline in Indian oilseed production this year, the Cabinet Committee on Economic Affairs has allowed five state trading enterprises (STC, NAFED, PEC, MMTC and NCCF) to import one million ton of edible oil up to March 2010.

Chart 1: Imports and Landed price of Crude Soy, Sunflower and Palm Oil ($/metric ton)



Source: Solvent Extractors' Association (SEA) of India

Table 1: Edible Oil Imports (1000 Metric tons)

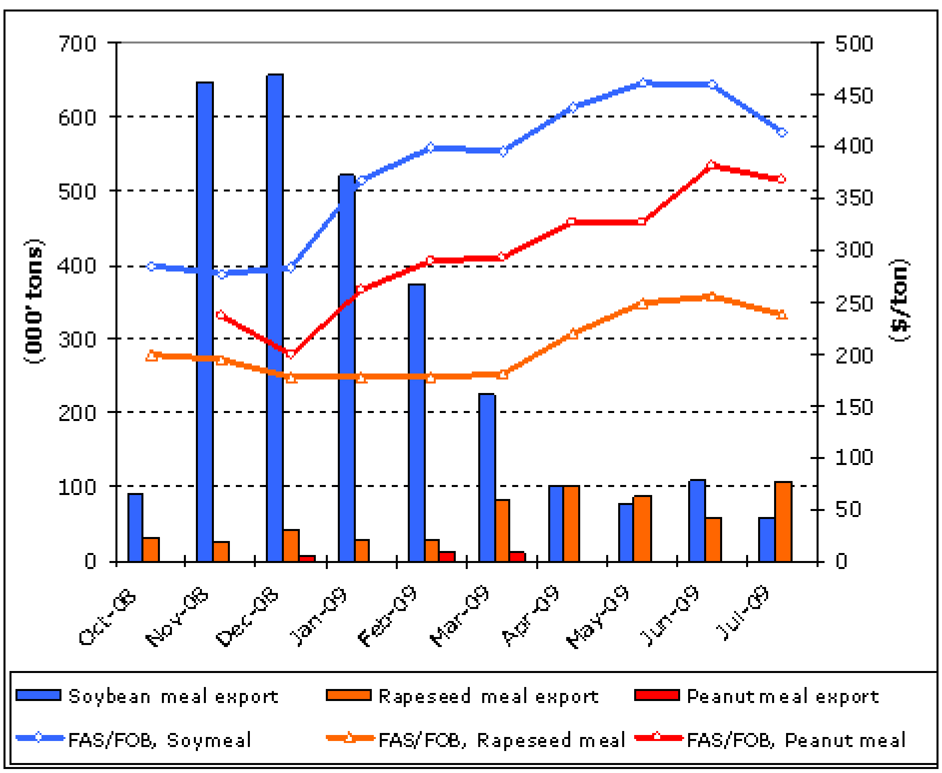
	Oct-08	Nov-08	Dec-08	Jan-09	Feb-09	Mar-09	Apr-09	May-09	Jun-09	Jul-09	Oct 08-Jul 09	Oct 07-Jul 08	% Change
RBD palm-olein	193	138	129	142	63	40	104	143	61	77	1,089	296	268
Crude palm oil	452	364	487	549	432	432	432	445	354	334	4,281	3,268	31
Crude palm olein	0	0	0	0	0	0	0	0	0	0	0	22	-
Crude Palm kernel oil	2	7	8	12	3	7	21	11	4	4	81	12	575
Total palm oil	**648**	**509**	**624**	**704**	**498**	**479**	**556**	**599**	**419**	**416**	**5,451**	3,598	52
Crude soy oil	126	0	61	67	154	46	26	48	259	66	853	517	65
Refined soy oil	0	0	0	0	0	0	0	0	0	0	0	2	-
Total soy oil	**126**	**0**	**61**	**67**	**154**	**46**	**26**	**48**	**259**	**66**	**853**	519	64
Crude sun oil	11	8	32	84	78	84	67	30	55	66	515	2	-
Refined sun oil	0	0	0	0	0	0	0	0	0	0	0	0	0
Total sun oil	**11**	**8**	**32**	**84**	**78**	**84**	**67**	**30**	**55**	**66**	**515**	2	-
Canola Rape oil	**0**	**0**	**0**	**2**	**0**	**0**	**5**	**19**	**8**	**4**	**38**	0	0
Coconut oil	**2**	**2**	**2**	**1**	**0**	**0**	**6**	**0**	**2**	**0**	**15**	11	34
Grand Total	**787**	**519**	**719**	**857**	**730**	**610**	**659**	**697**	**742**	**552**	**6,872**	4,130	**66**

Source: Solvent Extractors' Association (SEA) of India

Oilmeal Exports Down

Indian oilmeal exports during the first ten months of MY 2008/09 were down by 38 percent at 3.6 million tons, due to lower production, and lower demand from Asian, Middle East and European countries (Table 2). Given prevailing conditions, total oilmeal exports are forecast down by 900,000 tons to 3.9 million tons in MY 2008/09. The export forecast for major oilmeals (soybean, rapeseed, peanut, cotton seed, sunflower, and copra meal) remains unchanged at 6 million tons for MY 2009/10.

Chart 2: International prices of Oilmeals and Exports



Source: SEA and Industry

Table 2: Oilmeal Exports (Metric tons)

	Soybean meal	Rapeseed meal	Peanut meal	Rice bran meal	Sunflower meal	Castor meal	Total
Oct-08	88,723	30,318	0	6,075	0	28,320	153,436
Nov-08	647,400	26,335	0	2,435	0	617	676,787
Dec-08	655,882	41,318	5,700	0	0	631	703,531
Jan-09	521,243	27,680	0	503	0	14,800	564,226
Feb-09	375,098	27,558	10,748	5,490	0	21,901	440,795
Mar-09	224,639	83,041	11,300	8,200	0	10,820	338,000
Apr-09	100,106	102,187	0	19,348	0	16,944	238,585
May-09	77,018	87,472	0	3,560	0	7,300	178,350
Jun-09	109,923	58,805	0	12,580	239	16,046	197,593
Jul-09	58,268	107,144	0	6,430	487	1,000	173,329
Oct 08-July-09	2,858,300	591,858	27,748	64,621	726	118,379	3,664,632
Oct 07-July-08	4,516,146	890,958	75,550	177,233	1,025	233,628	5,894,540
% Change	-37	-34	-63	-64	-29	-49	-38

Source: Solvent Extractors' Association of India

Table 3: Commodity, Meal, Soybean, PSD

Meal, Soybean India	**2007**			**2008**			**2009**		
	2007/2008			**2008/2009**			**2009/2010**		
	Market Year Begin: Oct 2007			**Market Year Begin: Oct 2008**			**Market Year Begin: Oct 2009**		
	USDA Official Data		**Old Post Data**	**USDA Official Data**		**Old Post Data**	**USDA Official Data**		**Jan Data**
Crush	8,170	8,250	8,250	7,800	8,200	7,200	8,700	8,850	8,350
Extr. Rate, 999.9999	1.	1.	0.7967	1.	1.	0.7847	1.	1.	0.7964
Beginning Stocks	429	202	202	106	65	65	300	285	365
Production	6,521	6,573	6,573	6,225	6,540	5,650	6,944	7,050	6,650
MY Imports	2	0	0	2	0	0	2	0	0
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	6,952	6,775	6,775	6,333	6,605	5,715	7,246	7,335	7,015
MY Exports	4,790	4,790	4,790	3,550	4,100	3,200	4,800	5,000	4,500
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	90	220	220	90	120	200	90	120	220
Feed Waste Dom. Cons.	1,966	1,700	1,700	2,393	2,100	1,950	2,180	2,100	2,100
Total Dom. Cons.	2,056	1,920	1,920	2,483	2,220	2,150	2,270	2,220	2,320
Ending Stocks	106	65	65	300	285	365	176	115	195
Total Distribution	6,952	6,775	6,775	6,333	6,605	5,715	7,246	7,335	7,015
CY Imports	5	0	0	2	0	0	2	0	0
CY Imp. from U.S.	0	0	0	0	0	0	0	5,200	0
CY Exports	4,900	4,300	4,300	3,500	4,500	4,977	4,800	0	5,200
CY Exp. to U.S.	0	0	0	0	0	0	0	2,220	0
SME	2,056	1,920	1,920	2,483	2,220	2,150	2,270	2,220	2,320

Table 4: Commodity, Oil, Soybean, PSD

Oil, Soybean India	2007 2007/2008 Market Year Begin: Oct 2007			2008 2008/2009 Market Year Begin: Oct 2008			2009 2009/2010 Market Year Begin: Oct 2009		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data		Jan Data
Crush	8,170	8,250	8,250	7,800	8,200	7,200	8,700	8,850	8,350
Extr. Rate, 999.9999	0.	0.	0.1765	0.	0.	0.1764	0.	0.	0.176
Beginning Stocks	208	207	207	90	85	85	98	135	195
Production	1,458	1,456	1,456	1,392	1,410	1,270	1,552	1,530	1,470
MY Imports	733	732	732	865	850	900	850	900	700
MY Imp. from U.S.	1	0	0	3	60	0	3	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	2,399	2,395	2,395	2,347	2,345	2,255	2,500	2,565	2,365
MY Exports	9	10	10	9	10	10	9	0	15
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	2,300	2,300	2,300	2,240	2,200	2,050	2,275	2,300	2,200
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	2,300	2,300	2,300	2,240	2,200	2,050	2,275	2,300	2,200
Ending Stocks	90	85	85	98	135	195	216	265	150
Total Distribution	2,399	2,395	2,395	2,347	2,345	2,255	2,500	2,565	2,365
CY Imports	703	1,200	1,200	850	900	900	850	950	950
CY Imp. from U.S.	1	0	0	3	0	35	2	0	0
CY Exports	9	15	15	9	10	10	9	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

Table 5: Commodity, Meal, Peanut, PSD

Meal, Peanut India	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Jun 2009		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data		Jan Data
Crush	5,040	5,040	5,040	4,650	4,650	4,650	5,275	5,200	4,100
Extr. Rate, 999.9999	0.	0.	0.3919	0.	0.	0.3914	0.	0.	0.3902
Beginning Stocks	0	0	0	0	0	0	0	0	0
Production	1,973	1,975	1,975	1,820	1,820	1,820	2,065	2,040	1,600
MY Imports	0	0	0	0	0	0	0	0	0
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	1,973	1,975	1,975	1,820	1,820	1,820	2,065	2,040	1,600
MY Exports	97	97	97	90	90	50	95	95	90
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	0	0	0	0	0	0	0	0	0
Food Use Dom. Cons.	5	8	8	5	5	5	0	5	5
Feed Waste Dom. Cons.	1,871	1,870	1,870	1,725	1,725	1,765	1,970	1,940	1,505
Total Dom. Cons.	1,876	1,878	1,878	1,730	1,730	1,770	1,970	1,945	1,510
Ending Stocks	0	0	0	0	0	0	0	0	0
Total Distribution	1,973	1,975	1,975	1,820	1,820	1,820	2,065	2,040	1,600
CY Imports	0	0	0	0	0	0	0	0	0
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	135	54	54	135	80	80	135	80	70
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0
SME	2,109	2,111	2,111	1,945	1,945	1,989	2,214	2,186	1,697

Table 6: Commodity, Oil, Palm, PSD

Oil, Palm India	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Oct 2007			Market Year Begin: Oct 2008			Market Year Begin: Jun 2009		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data		Jan Data
Area Planted	0	0	0	0	0	0	0	0	
Area Harvested	0	0	0	0	0	0	0	0	0
Trees	0	0	0	0	0	0	0	0	0
Beginning Stocks	100	100	100	65	128	128	225	753	1,153
Production	50	50	50	50	50	50	50	50	50
MY Imports	4,532	4,558	4,558	5,200	5,800	6,500	5,300	5,000	5,000
MY Imp. from U.S.	0	0	0	0	0	0	0	0	0
MY Imp. from EU	0	0	0	0	0	0	0	0	0
Total Supply	4,682	4,708	4,708	5,315	5,978	6,678	5,575	5,803	6,203
MY Exports	5	0	0	5	5	5	5	0	0
MY Exp. to EU	0	0	0	0	0	0	0	0	0
Industrial Dom. Cons.	180	180	180	220	220	220	240	240	240
Food Use Dom. Cons.	4,432	4,400	4,400	4,865	5,000	5,300	5,200	5,200	5,300
Feed Waste Dom. Cons.	0	0	0	0	0	0	0	0	0
Total Dom. Cons.	4,612	4,580	4,580	5,085	5,220	5,520	5,440	5,440	5,540
Ending Stocks	65	128	128	225	753	1,153	130	363	663
Total Distribution	4,682	4,708	4,708	5,315	5,978	6,678	5,575	5,803	6,203
CY Imports	4,150	3,265	3,265	4,900	4,800	4,800	5,000	4,800	4,800
CY Imp. from U.S.	0	0	0	0	0	0	0	0	0
CY Exports	5	0	0	5	0	0	5	0	0
CY Exp. to U.S.	0	0	0	0	0	0	0	0	0

[1] http://agricoop.nic.in/ncfcweather/ncfcasAug-13-2009.pdf